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Degree of Master of International Studies
(International Area Studies)

**DECIPHERING KOREA BILATERAL
AID TO AFRICA: COMPARATIVE
STUDY BETWEEN KENYA AND
TANZANIA FROM 2005 TO 2014**

August, 2017

Development Cooperation Policy Program
Graduate School of International Studies
Seoul National University

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Deciphering Korea Bilateral Aid to Africa: Comparative Study between Kenya and Tanzania from 2005 to 2014

A thesis presented

by

Ali Mohamed Mambo

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Master of International Studies

**Graduate School of International Studies
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Abstract

DECIPHERING KOREA BILATERAL AID TO AFRICA: COMPARATIVE STUDY BETWEEN KENYA AND TANZANIA FROM 2005 TO 2014

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Initially Korean ODA was focused in geographically proximity areas within Asian region, however, in the recent past, the focus is gradually shifting to Africa. Whether it is catching up with her Asian neighbours Japan and China or it is a genuine desire to contribute and uplift African countries out of poverty is not clear. Korea provides an interesting example of a country that understands foreign aid in its dual form (as a recipient and a donor). Developing countries wish to emulate albeit with modifications the Korean economic prosperity experience. The main objective of this study is to find out why is Korea increasing bilateral aid to Africa?, a comparative case study between Kenya and Tanzania was used to decipher. Ricourian model was used to carry out comparative three levels of analysis, economic, political and social factor which could influence increase in aid allocation to Tanzania and not Kenya. The model was used because it affords the opportunity to carry out level of analysis of the factors in play.

In this study we found that even though social, political and economic factors influence aid increase in Tanzania, economic factors carry more weight than the other two factors. From these results we can infer that, the increase in Korean bilateral aid to Africa is motivated by economic interests. The findings of the study supports the hypothesis that economic reasons is the main motivation for increase of Korea bilateral aid to Africa.

Keywords: Bilateral aid, Deciphering, Kenya, Tanzania, Official Development Assistance (ODA), Economic, Political, Motivation.

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Abbreviations

DAC	Development Assistance Committee
DPRK	Democratic People's Republic of Korea
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
GDP	Gross Domestic Product
HLF-4	Fourth High Level Forum on Aid Effectiveness
IRCT	Institutional Rational Choice Theory
KAF	Korea-Africa Forum
KAFACI	Korea-African Food and Agriculture Cooperation Initiative
KIAD	Korean Initiative for African Development
KITA	Korea International Trade Association
KOAFEC	Korea Africa Economic Cooperation Conference
KOAFIC	Korea-Africa Industry Cooperation Forum
KOICA	Korea International Co-operation Agency
KOPIA	Korea Project on International Agriculture
LDC	Least Developed Countries
MOFAT	Ministry of Foreign Affairs and Trade
NAM	Non-Aligned Movement
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development

RCT	Rational Choice Theory
TICAD	Tokyo International Conference on African Development
UD	University of Dar es Salam
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNGA	United Nations General Assembly
UNICEF	United Nations International Children Emergency Fund
USAID	United States Agency for International Development
USD	United States Dollars

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Chapter 1

Introduction

The African Economic Outlook for 2016 prepared by the Organization for Economic Co-operation and Development (OECD) reported that, foreign bilateral aid in form of Official Development Assistance (ODA) remains a major source of finance to fund public expenditure in Africa. In 2015, ODA (grants and concessional loans) stood at USD 56 billion and an increase of 4.1 per cent is expected in 2016¹. The Republic of Korea (for purpose of this study will be referred as Korea) endeavours to be part of the above statistics in its bid to assert herself as an emerging player in ODA provision in Africa. Initially Korean ODA was focused in geographically proximity areas within Asian region, however, in the recent past, the focus is gradually shifting to Africa. Whether it is catching up with its Asian neighbours Japan and China or it is a genuine desire to contribute and uplift African countries out of poverty is not clear.

Traditionally ODA was aimed at helping developing countries address poverty challenges and induce or accelerate economic growth, however, the reality is that, developed nations use foreign aid as a tool to pursue their national interests. Balancing these two conflicting motivations is difficult to most donors. Korea provides an interesting example of a country that understands foreign aid in its dual form (as a

¹ AfDB/OECD/UNDP (2016), “External financial flows and tax revenues for Africa”, in *African Economic Outlook 2016: Sustainable Cities and Structural Transformation*, OECD Publishing, Paris.
DOI: <http://dx.doi.org/10.1787/aeo-2016-6-en>

recipient and a donor). For example, before and during the cold war, Korea benefitted from huge amounts of foreign aid as one of the world's poor country. As Yoon and Moon (2014:279) argues that one of the outstanding factors which contributed to the rapid economic development of Korea was ODA received amounting to US\$ 12 billion from 1945 to 1990. Today, Korea is the second OECD/ Development Assistance Committee (DAC), Asian donor after Japan recognized among the traditional Western donor nations. According to Moon Hwuy-Chang (2016:89) "Korea's GDP per capita in 1961 was less than \$100. In the same period, Ghana's was \$190. In 2014, Korea's GDP per capita was \$27,970 while Ghana's \$1,443" The above statistics demonstrates how Korea managed to transit from an LDC to a developed country. Whereas we can not attribute the rapid economic growth solely on foreign aid received, we can safely argue that foreign aid was instrumental in Korean development. Korea may not have been able to achieve the economic development it is enjoying currently, Korea, is a unique success story in modern development discourse.

Korea's initial bilateral aid was in form of technical training in 1970s and 80s to developing countries (Park and Lee, 2015:181). In 1989, Korea extended to developing countries its first concessional loan. Subsequently, in 1991, Korea International Cooperation Agency (KOICA), a distinct agency charged with implementing grant projects was established. In January 2010, Korea joined OECD/ DAC, an association of aid donor governments, as the twenty fourth (24) member country. Since becoming a donor, Korea has increased its focus in Africa. In 2010, South Korea announced

plans to double her Official Development Assistance (ODA) to US\$ 1.09 billion in the next five years to Africa. Korea joined OECD/ DAC, raising her profile and showing commitment to adhere to humanitarian aid goals. Korea lobbied other G-20 Members to consider long-term development issues in their engagement with developing countries leading to acceptance of Seoul Development consensus in November 2010. The Seoul Development Consensus required member countries to focus on issues of realizing the Millennium Development Goals, sustainable infrastructure and focusing on agricultural production in their future engagements.

Korea organized Fourth High Level Forum on Aid Effectiveness (HLF-4) in 2011, the forum adopted Busan Declaration, which agreed on shared principles to development cooperation such as emphasis on ownership of development priorities by recipient countries. It is highly appreciated that developing partners want to assist developing countries to address poverty challenges, however, such partnership efforts can only bear fruits if they are geared towards uniqueness of each country's needs and situation. The next principle is to focus on results, the fundamental goal of giving aid is to help developing countries eradicate poverty, reduce inequality and achieve sustainable development. Therefore, over the years the focus on results by donors was overlooked, the Busan Declaration required donor countries to devote their energies to a course that will yield to long term emancipation of the poor and bridge the inequality gap, caring for environment, and ensuring development priorities set out by developing

countries are aligned with donors². Other principles agreed include inclusive development partnerships, transparency and accountability of donor as well as recipient countries. The success of the HLF-4 is a testimony of Korea's leadership in international aid mobilization.

Many countries in Africa view Korea as a country which managed to transform herself from rags to riches in a half a century. Developing countries wish to emulate albeit with modifications the Korean economic prosperity experience. According to Korea International Cooperation Agency (KOICA) Annual Report for 2014, "Africa is a home to 33 of the world's 48 poorest countries"(KOICA 2014:46). The World Bank report (2014), indicates that in Africa there is no developed economy with high income, a few countries are categorised as upper-middle income. In spite of their needs for ODA, Korean bilateral aid has varied significantly across recipient countries. Some African countries received millions of dollars, for example in 2014, Tanzania received US \$ 79.8 million, Mozambique US \$ 56.5 million, Ethiopia US \$ 42.9 Million, while others received none such as Namibia, Congo and Mauritius. Therefore, what could be the explanation for this disparity? Korea pride her self to have managed to transit from an LDC to a member of OECD/DAC. How, then can an emerging donor approaches her new role? Conventional wisdom demands that as a former LDC, Korea would consider humanitarian approach rather than self-interest driven. Official

² Busan Partnership For Effective Development Co-Operation Fourth High Level Forum On Aid Effectiveness, Busan, Republic Of Korea, 29 November-1 December 2011: P.3

announcements by donor countries or documents such as annual reports seldom unearth their genuine motivations for providing assistance to developing countries. It is extremely difficult to decipher the motivation, further, the aid rhetoric may not correspond to the actual practice. A possible alternative is to carry out a comparative study between African countries receiving Korean bilateral aid to ascertain whether the relationship between characteristics of a recipient countries and aid volume reveal any clue about Korea's motivation for providing aid. In this study we endeavour to compare Korean bilateral aid between Kenya and Tanzania.

Historical background of Korea-Africa relations

Before and during the cold war

Korea's relations with Africa can be traced since the Korean War when one African country, Ethiopia provided 1,200 troops which fought in support of the Republic of Korea³. In the 1960's, the two divided Koreas were eager to gain political legitimacy and diplomatic recognition from independent African countries. North Korea's cooperation with some African countries on military field and anti-colonization propaganda helped to galvanise diplomatic superiority over South Korea. Inter-Korean tension was largely responsible for Seoul's diplomatic embrace of Africa, "throughout the cold war, Sub-Saharan Africa functioned as an ideological chessboard for Seoul and Pyongyang" (Darracq and Neville, 2014:8). The 'Korean question' was a hot issue

³ Ministry of Patriots and Veterans Affairs, Republic of Korea, (2012), 'The eternal Partnership: Ethiopia and Korea, P.59

at the UN annually, Seoul was concerned that Pyongyang was gaining ground. For example in 1970's, North Korea had opened resident missions in 23 African countries while South Korea had only 10 (Kim, 2013).

During 1960's and early 70s, "South Korea implemented a one-Korea policy, which prohibited African countries from dual simultaneous diplomatic relations". (Yoon and Moon, 2014:282). In 1973, President Park Chung-hee, the father of the current Korean President, made a paradigm shift, by abandoning the Hallstein 'ideological' Doctrine, which refused to establish diplomatic relations with countries which recognised North Korea (Kim, 2013:53). The objective was to gain support from African countries on UN membership and unification (Lee, 2011:144). In 1970s, African states were not only the biggest voting block at the UNGA (United Nations General Assembly) but also were instrumental in the Non-Aligned Movement. The Democratic People's of Korea (DPRK) entry to the Non-Aligned Movement (NAM) in 1976 further strengthened its diplomatic advantage over Korea. It maintained a closer diplomatic relations with Africa signifying the importance Pyongyang attaches to the continent in her 'anti-Seoul Campaign'. These development motivated Seoul's initial interest to counter the growing influence of its foe. In early 1980s, President Chun Doo-hwan adopted South-South diplomacy. He focused his attention to Africa by inviting two heads of states to Korea, one from Liberia and the other from former Zaire (Democratic Republic of Congo). In order to reciprocate and to show commitment in promoting South-South cooperation, President Chun was the first to make maiden

official visit to the continent. He visited Nigeria, Gabon, Senegal and Kenya.

President Roh Tae-woo adopted a new strategy, referred to as ‘Nordpolitik’, which emphasised on promotion of commercial relations while minimizing military confrontations with DPRK⁴. Seoul’s goal was to solicit official recognition from Africa to support its application of membership to the UN. It is at this period; late 1980s that Korea Official Development Assistance (ODA) was initiated to “promote greater trade and investment with developing nations”⁵ This strategy was successful as the two Koreas were admitted to the United Nations together in September 1991.

After the cold war to present

Seoul’s engagement with Africa went to a cold after cold war and gaining UN Membership, it pursued “northern diplomacy”⁶ which paid less attention to Africa. It shifted focus to Eastern Europe by normalising diplomatic relations with former Soviet Union countries and also with China. During this period the number of resident Korean diplomatic presences in Africa reduced from 18 to 13⁷.

The limited diplomacy and change of policy towards Africa began at the turn of

⁴ Robert Bedeski, the transformation of South Korea: Reform and Reconstitution in the Sixth Republic under Roo Tae Woo, 1987-1992 (London: Routledge, 1994).

⁵ U.S.-Korea Institute at SAIS (2011), ‘Korea’s ODA to Africa: Strategic or humanitarian?’, US-Korea 2010 Yearbook.

⁶ Ministry of Foreign Affairs of the Republic of Korea, www.mofa.go.kr/ENG/countries/middleeast/local/index.jsp?menu=m_30_50_20, accessed on 11/07/2016.

⁷ www.mofa.go.kr/ENG/main/index.jsp#gosite accessed on 10/07/2016

millennium. The administrations of President Roh Moo-Hyun and Lee Myung Bak are credited for playing a key role in focusing on Africa on Korea's foreign policy agenda. Seoul declared 2006 "the year of friendship with Africa" (MOFAT 2007:111). Several Korea-Africa initiatives were set in motion, President Roh made an official visit to Africa, the first one in 24 years. It is during the visit that the Korean President announced the establishment of the Korean Initiative for African Development (KIAD), which pledged to triple the amount of ODA to Africa by the year 2008. It is also during the presidential tour that a Korea-Africa relation was institutionalized by setting forum such as;

1. The Korea-Africa Forum (KAF), this is a Ministerial meeting bringing together Ministers of Foreign Affairs of Korea and African countries to discuss issues of common interest. It was a joint initiative between the African Union and Korea Foreign Ministry.
2. The Korea-Africa Economic Cooperation (KOAFEC), it was aimed at promoting trade and economic cooperation. It was jointly organized by Korea Ministry of Strategy and Finance, the African Development Bank and the Korean Exim Bank.
3. The Korea-Africa Industry Cooperation Forum (KOAFIC), its objective was to encourage bilateral industrial cooperation. It was overseen by Korean Ministry of Trade, Industry and Energy.

The first KAF was held in Seoul in November 2006, delegations from 31 African states attended. The initial meeting established a foundation for framework of friendship, partnership and cooperation between African countries and Korea. At the inaugural conference, Korea announced it will triple ODA for African countries to US \$ 100 million a year by 2008 (Hwang, 2014:261). The second conference took place in Seoul in December 2009; it was co-sponsored by Korea and the African Union. During the forum Korea pledged to increase by two folds her ODA to Africa in the next five years, invite 5,000 trainees to Korea and dispatching 1,000 Korean Volunteers to Africa”(Yoon and Moon, 2014:283). The third conference was held in Seoul in 2012, 35 African countries participated. The conference came up with an Action Plan (2013-2015) where three main agendas were identified to enhance partnership; development cooperation, trade and investment, and peace and security. With regard to development cooperation, the conference emphasised human resource development and agricultural development. Partnerships such as Korea-African Food and Agriculture Cooperation Initiative (KAFACI) and the Korea Project on International Agriculture (KOPIA) were established.

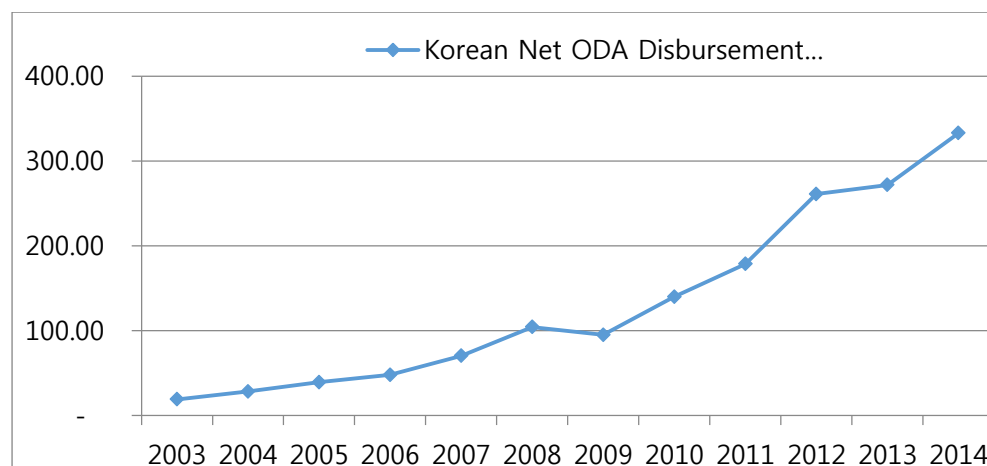
Since the establishment KIAD the relations between Korea and Africa has increased ODA from 7.5% in 2005 to 21.7% in 2014, showing an increase of 14.2% in a period of ten years. According to KOICA annual report for 2014, the bilateral aid to Africa

stood at 125,780 million Korean won⁸.

High level visits were initiated to solidify the relationship, in July 2011; President Lee Myung-bak made an official visit to South Africa, the Democratic Republic of Congo and Ethiopia. In late May and early June 2016, President Park Geun-hye visited Ethiopia, Uganda and Kenya where she launched the Korea Aid Program to help achieve sustainable development goals (Yonhap news Agency, Seoul: 28 May, 2016).

Korea ODA to Africa in figure

Figure 1: Korea net ODA disbursement to Africa 2003-2014⁹



Source: OECD (2016).

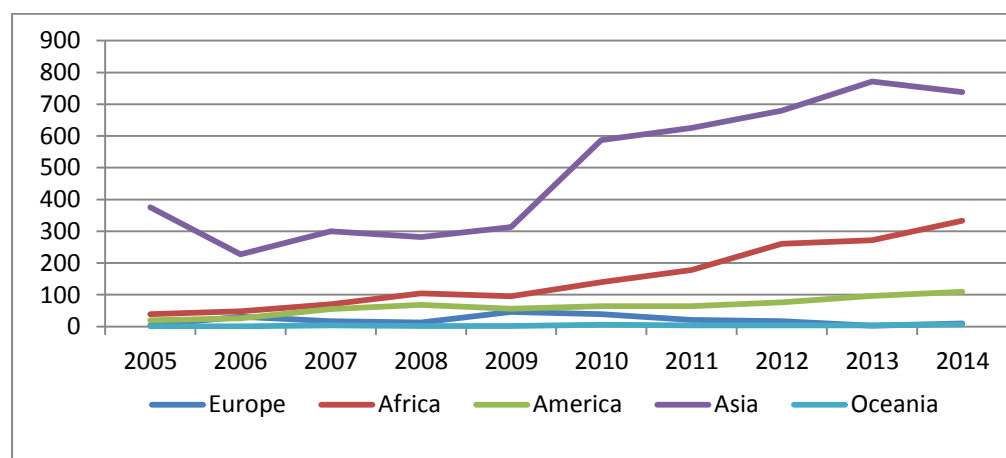
ODA is the amount of resources flowing from one government to another government signifying donor and recipient relationship. Korea's ODA has increased sharply since

⁸ Korea International Cooperation Agency (KOICA), 2014 annual report.

⁹ OECD (2016), Geographical Distribution of Financial Flows to Developing Countries 2016: Disbursements, Commitments, Country Indicators, OECD Publishing, Paris

2006 as illustrated in figure 1 above. Between 2003 and 2006, ODA increased from 19 million USD to 47.8 million USD signifying a double increase. From 2007 to 2014, ODA increased from 70.2 million USD to 332.7 million USD showing quadruple increase. According to KOICA annual report for 2014, Africa accounted for 21.7% Korean total aid disbursement.

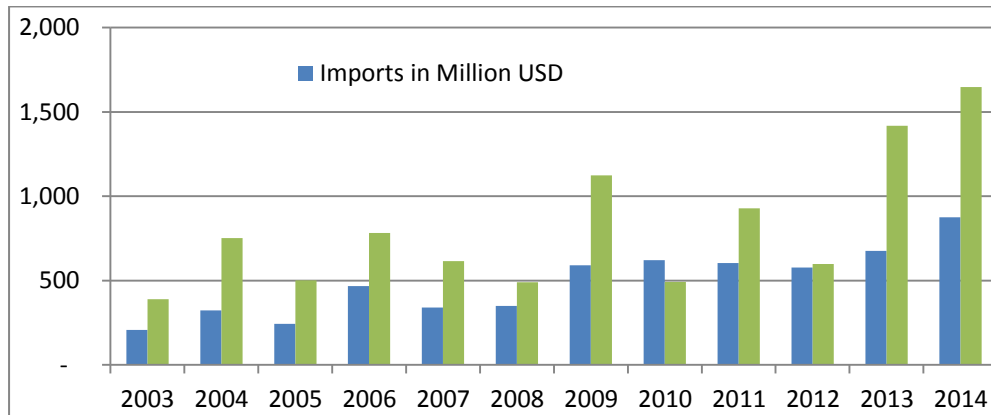
Figure 2: Korea net ODA disbursement to all regions 2005-2014



Source: OECD (2016).

Figure 2, shows that during the period under review, Korea's net ODA disbursement is concentrated in the Asian region. Africa is the second major recipient and fastest growing followed by distant third America then Europe and Oceania. The focus clearly is shifting to Africa.

Figure 3. Korea Africa trade trends (2003-2014)



Source: Korea International Trade Association (KITA)

Figure 3 above shows that exports from Korea to Africa has increased tremendously from USD 389 million in 2003 to USD 1.6 Billion in 2014, Korean imports from Africa has also increased from USD 207 million in 2003 to USD 876 million in 2014. The balance of trade between Korea and Africa is widening in favour of Korea. In 2014 the balance of trade stood at USD 771 million.

1.1 Rationale of the Study

Korean bilateral aid to Africa has seen a sharp increase in the recent past, this increase in aid has been concentrated to a few countries referred to as priority countries ranging from 5 to 10 out of the 55 countries in Africa. The priority list has been changing over time, dropping some countries while adding others. This study is a comparative study on Korean bilateral aid between Kenya and Tanzania. It aims to compare between Kenya and Tanzania in order to understand Korea bilateral aid policy in Africa. The choice of

Kenya and Tanzania as a basis of comparative study is informed by their respective unique characteristics. Both are East African countries bordering each other, they were both colonized by British, they are Members of East African Community and both were categorized as least developing countries until 2014 when Kenya moved to low middle income country. Kenya's economy is bigger than Tanzania, however, Tanzania is a mineral rich country having discovered huge deposits of natural gas. In terms of Korean bilateral aid, Tanzania is one of the priority countries for several years while Kenya has been on and off the list as shown in the table 1 below.

Table1.KOICA five priority African countries from 2005-2014¹⁰

N o.	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	Ghana	Egypt	Egypt	Egypt	Tanzania	Tanzania	Tanzania	Ethiopia	Ethiopia	D.R.C
2	Ethiopia	Tanzania	Tanzania	Tanzania	Egypt	Ethiopia	Ethiopia	Tanzania	Rwanda	Ethiopia
3	Kenya	Morocco	Ethiopia	Ethiopia	Kenya	Rwanda	Morocco	Ghana	Uganda	Rwanda
4	Congo	Ethiopia	Morocco	Senegal	Senegal	Tunisia	Kenya	Rwanda	Tanzania	Senegal
5	Tanzania	Algeria	Algeria	Tunisia	Ethiopia	Egypt	Rwanda	Morocco	Tunisia	Ghana

¹⁰ KOICA Annual Report for, 2005-2014.

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Source: KOICA annual report (2005-2014).

As shown above in table1, Tanzania features in 9 years out of 10 years understudy among those years , from 2006 to 2008 it was second in priority, then from 2009 to 2011 it became first priority. Out of 10 years, Kenya features only three times, 2005, 2009 and 2011. Both countries are not oil rich countries, even though recently Kenya discovered substantial amount of oil deposits. Kenya and Tanzania enjoy stable political atmosphere with no incidents of civil war. Therefore, in this study Tanzania will represent the Priority African countries while Kenya represents non-priority African countries. These two countries provide an interesting comparison in order to decipher Korean bilateral aid policy towards Africa. The significance of this study therefore will inform the motivation of the Korean bilateral aid policy towards Africa.

1.2 Research Question

Why is Korea increasing bilateral aid to Africa?

Why is Tanzania a preferred destination for Korea bilateral aid than Kenya?

While Korea has increased its bilateral aid in Africa, it is of interest to find out whether ODA has been used as a tool to promote and protect its strategic interests or it has been used for the purposes of humanitarian goals. As the saying goes “ *there is no*

free lunch” in international relations, when ever one is offered free food there is a motivation behind it.

1.3 Hypothesis

Economic reasons is the main motivation for increase of Korean bilateral aid to Africa and Tanzania being a priority country.

1.4 Scope of the study

The study covers a period from 2005 to 2014, because this is when Korea changed its focus to increase bilateral aid to Africa, it is during this period that Seoul launched the ‘Korea Initiative for Africa’s Development’, which established an elaborate mechanism for Korea’s engagement with the region and a subsequent foreign policy program. This study focus only on the Korea’s perspective as a donor and does not address the recipient perspective.

1.5 Methodology

The first step this study is to analyse the general overview relationship between Korea and Africa in terms of aid flow, trade (exports and imports), investment, diplomatic and humanitarian assistance. Scholarly materials written by individuals and institutions like African Development Bank and OECD/DAC was analysed, trade statistics from UN Comtrade data base, investment statistics from World bank online website and general aid flow from KOICA annual reports. Simple graphs and charts was used to bring into focus the relationship.

Secondly, specific analysis of the relationship between Korea and Kenya was undertaken examining trade figures, aid flows, and investments, tables and charts was used. The diplomatic and political engagement of the countries in question was also analysed. An indepth analysis was done on the sectors receiving aid and their patterns.

Analysis of the relationship between Korea and Tanzania was undertaken examining trade figures, aid flow and invetsments, graphs and charts was incorporated into this analysis. Following the summary of the analysis of the various aid recipient sectors, the patterns exhibited was looked at in-depthly. Finally, the results of the study was evaluated.

1.6 Structure of the Paper

The paper is organised in six chapters. Chapter one discuss the role of aid and how Korea has increased her bilateral aid focus to Africa. The chapter also highlight historical relations between Korea and Africa, research question, hypothesis and rationale of the study. Chapter two reviews the literature on aid, particularly the various motivations in aid allocation. Chapter three is theoretical framework of the study, Institutional rational choice theory is discussed, it also covers analytical framework of the study where Ricourian level of analysis is explained.. Chapter four looks in to detail the bilateral relationship between Korea and Kenya in regard to economic, political and social aspects. Chapter five deals with the bilateral relationship between Korea and Tanzania, here also the economic, political and social issues was examined. Chapter six is summary of findings and conclusion.

Chapter 2

Literature Review

There are many scholars who have written extensively about aid, of special interest is why governments give aid and what are the basis for individual donors to allocate their aid. Riddle (2008:91) argues that the major purpose of donating aid is essentially to save lives during calamities, to contribute to economic progress and poverty eradication in disadvantaged countries. He acknowledges that this is partially true on why governments provides aid because official aid comes from public funds and is given to recipient governments, making it a political decision. But the question is what informs this political decision to allocate aid to one recipient and not the other? Riddell identifies six motives which historically have influenced donors; emergency needs, poverty eradication, commercial interests, political and strategic interests, solidarity and historical ties (ibid).

According to Yoon and Moon (2014: 286), during Cold War strategic and ideological interests were the main determinants of aid allocation by donors. Western ODA disbursement was heavily influenced by whether the recipient country bordered communist state or was an ally of the Soviet Union (Chan, 1992:6). With the disintegration of Soviet Union, communism was no longer a key determining factor in ODA flows (Yoon and Moon, 2014). Post- Cold war era has seen shift of determinants of aid, economic interests such as trade, investment, energy, good governance and economic development being major motivation of donor countries. Fostering trade

relations is a motivation of some donors to advance aid to recipient countries, Younas (2008) found out that a significant assistance is given to recipients who imports heavy machinery and equipments from donor countries, considering that capital goods are produced by developed donor nations, this result confirms their trade benefit motive (p.661). Other scholars (Nath and Sobhee, 2007, Dietrich,2012) also found strong relationship between trade and aid levels.

There are some donors who are basing their aid giving decisions on human rights and democracy records of recipient countries. Finkel *et al.* (2007: 410) is of the view that in developing countries foreign aid may promote democracy in two ways, either through supporting and empowering domestic agents to achieve regime change or by altering structural conditions such as promotion of economic growth which leads to class transformation and hence implications for opening up of democratic space.

Alesana and Dollar (2000) also concured that some donor countries give aid to developing countries undertaking greater democratization, in their study, other interesting findings included strategic interests and colonization factors played a greater role in allocation of aid. For example, Israel and Egypt received a large share of U.S. aid inspite the fact that they are not needy nations. Bilateral aid from France focused to countries she colonized. Japan gives assistance to countries which align to her global political interests as exhibited by the correlation in voting patterns during the U.N. debates. Other recent studies found strong relationship between international

political factors particularly U.N. Security Council membership on aid recipient, countries that are elected to the U.N. Security Council the amount of aid allocated to them immediately increases during the year that a country is elected to the Security Council. The aid amount remain relatively high throughout the term of two years, upon completion, the aid amount return to their previous level (Kuziemko and Werker, 2006: 907).

The main objective of United States of America aid has been to further her national interests, bilateral aid has been an essential pillar of her foreign agenda playing a crucial role in advancing Americas geo-strategic interests (USAID 2004: 3), peace and security is high in the agenda of America's aid policy¹¹. As a result massive amounts of foreign aid has been channelled to America's allies. This trend has been solidified after the terrorist attack of 11th September that the US Administration referred to as war on terror (Riddell, 2008: 95). It has seen deployment of aid to countries perceived as key to US geopolitical interests.

Japan provides aid in order to promote her own security and economic prosperity. This motive was clearly demonstrated by the then Foreign Affairs Minister who argued that Japan's ODA is executed for Japan's own sake (Riddell, 2008: 97). This statement

¹¹Tarnoff. C and Lawson. M.L. (2016), Congressional Research Service, "Foreign Aid: An Introduction to U.S. Programs and Policy" no. 7-5700 updated on June 17, 2016.

implies that self interest of Japan is the first priority of her foreign aid policy. This shade some light on why Japan's foreign aid is highly focused in Asia.

France, the United Kingdom, Portugal and Spain as well as Belgium and the Netherlands, colonial ties played a critical role in aid allocation, however, a recent study on aid allocation by major OECD/DAC donors found out that Sweden, the United Kingdom and the Netherlands, aid was allocated specifically driven by poverty considerations (Jones *et al.* 2005: 13). It is possible for countries to abandon commercial and trade interests in allocation of aid for humanitarian purpose, as demonstrated by the United Kingdom when in 2002 enacted a legislation explicitly requiring ODA to be channeled solely for development and welfare to the poorest countries¹².

Bilateral ODA is more vulnerable to manipulation by donors for self interests in contrast to multilateral ODA which international organizations distribute to recipient countries (Easterly, 2006: 49). Tuman and Ayub (2004:43) posit that the African development has partly been financed by ODA resources, Korean aid is among the international aid Africa has received. However, Korean bilateral aid to Africa is no exemption, it has followed the same pattern of other donors. For example, the Korean government initial objective of using ODA appears primarily to have been motivated by political and diplomatic factors to gain advantages over North Korea. With the

¹² International Development Act (2002), C. 1, S.1.

breakdown of Soviet Union and industrialization of Korea, Yoon and Moon (2014) posit that ODA has assumed a new role to deepen Korea's commercial bonds and investment opportunities with developing countries. Watson concurs that Korea indeed uses ODA as diplomatic policy tool to expand its economic gains (Watson, 2011:60). Another study carried by Kim and Oh which examined the factors influencing Korean ODA, concluded that economic motives as exhibited by the levels of trade showed positive correlation with the amount of aid to recipient countries (Kim and Oh, 2012: 233). Korea is emulating Japan's mode of ODA to Africa, Tubman and Ayoub (2004:49) found also Japan allocate substantial amounts of aid to larger commercial partners.

Kalinowski and Cho (2012:250) holds the opinion that accessing oil resources in Africa is the main reason for gradual increase in Korean bilateral aid to Africa. According to the MOFA, Korea is 10th largest consumer and 8th importer of oil, it imports 90 per cent of her energy requirements¹³. Africa together with other regions like Central Asia and America are among regions that Korea has explored for oil resources due to the volatility of Middle East. Yoon and Moon(2014:287) asserts that if the first visit by Korean President Chun to Africa in 1982 was to solicit support from African countries against North-Korea and enhance diplomatic visibility, then the second visit by President Roh to Egypt, Nigeria and Algeria which are oil-producing countries in 2006, was geared towards expanding access to energy.

¹³ Ministry of Foreign Affairs and Trade, 2009. "Facts of Africa", Seoul.p.25

China and India has also focused on Africa as a source of energy, market for their exports and destination for FDI, to this end their bilateral aid is aimed at accessing Africa's market, investment opportunities and energy needs (Yoon and Moon, 2014). Another study by Carvalho and his colleagues on aid flows to Africa from China, Japan and Korea found out that securing markets and natural resources is top on the agenda in determining allocation of aid than poverty reduction (Carvalho *et al*, 2012). Soyeun Kim (2013:53), also identifies three key motivations of Korea's ODA to Africa including economic interests, political influence and development cooperation. Darracq and Neville (2014:5) observed that energy security, need to expand to new export markets and the aspiration for political influence have made Korea to use foreign aid policy to achieve these ends. Mr. Park Kang-ho a senior official of Korean Foreign Ministry stated that Korea's ODA is neither a gift nor a charity but a strategic partnership (Folley, 2011:84).

It is evident from the literature that Korean aid to Africa is influenced more by strategic than humanitarian interests, however, the question remains what criteria does Korea use to allocate aid in Africa? According to Lee (2012:52), Korea's aid allocation criteria is not clear, aid recipients are categorized into three groups, priority, ordinary or others. There was no clear-cut distinction on the aid allocation criteria among the groups listed. It is against this backdrop that it is important to carry out a comparative study to decipher Korean Bilateral aid to Africa.

Chapter 3

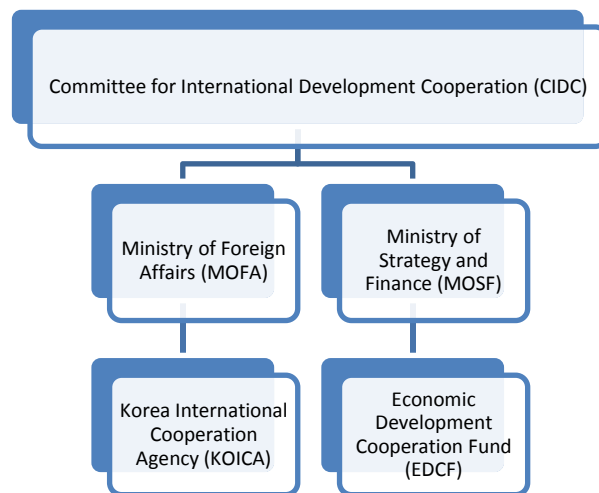
Theoretical Framework

This research endeavours to find out why is Korea giving foreign aid to African countries? one of the theory to explain the Korea's motivation is the Rational Choice Theory (RCT) in general and in particular Institutional Rational choice Theory (IRCT). Yoshimichi Sato argues that, "the purpose of rational choice theory is to explain social phenomena by assuming rational choice at the actor's level... as well as actor's action"(2013:1). RCT seeks to explain how individual actors make choices based on their preferences. Basic assumptions include; actors are basing their behaviour on rational calculations, actors act with rationality when making choices and their choices are geared towards optimizing their pleasure. Sato further argues that actors will choose an alternative that they believe achieves an outcome that maximises their utility under certain subjectively conceived constraints. In IRCT, institutions are the main rational actors making choices to maximize utility. Weigast and Wittman (2008:1032) defines institutions as humanly constructed constraints that regulates human interactions. Constraints range from official procedures, rules, regulations to written constitutions.

The Korean bilateral aid system is framed in the form of institutions with specific mandate to execute bilateral aid.

3.1 Structure of Korean bilateral aid system

Figure 4: Structure of Bilateral aid system of Korea



Source: Ministry of Foreign Affairs of the Republic of Korea

As illustrated in figure 4 above, Korean bilateral aid has well developed structured system, at the top, there is the Committee for International Development Cooperation (CIDC) overseen by Office of the Prime Minister. CIDC is the main Official Development Assistance policy making organ, it is headed by the Prime Minister. The committee deliberates and decides the framework plans including priority countries to focus Korean bilateral aid. The Prime Minister's office work closely with the Ministry of Foreign of Affairs (MOFA) which is in charge of grant aid and Ministry of Strategy and Finance (MOSF) which oversees the concession loan aid. Korean bilateral aid system is a dual pillar system comprising of grants and loans. Grant aid is managed by Korea International Cooperation Agency (KOICA) an agency under MOFA while loan

aid is managed by Economic Development Cooperation Fund (ECDF) an agency under MOSF.

3.1.1 Institutional aid allocation procedure

Korea's midterm plan guides the size of aid allocation according to the number of recipient countries and total budgeted amount. Korean aid is broadly divided in to bilateral and multilateral aid, with the latter being Korean government contribution to UN and other international organizations, and the former being allocation to eligible developing recipient countries. As noted earlier, the two implementing agencies KOICA and ECDF, identify and select programs and projects for possible funding among many proposals submitted by developing countries. During this process consultations with parent Ministries is carried out (KOICA-MOFA and EDCF-MOSF), it is at this stage that country aid allocations are drafted. Also at this phase, Inter-Agency Committee on Grants and the other Committee on Loan chaired by MOFA and MOSF respectively, deliberate and determine the projects for the following year to receive Korean aid. After the Inter-agency Committee, the country allocations are forwarded to CIDC for review and approval. Finally, the decision by CIDC is forwarded to the budgetary office of the National Assembly and Congress for approval. Korea has traditionally been providing much of its aid to Asian countries but Korea has increased its bilateral aid to Africa from 7.1% in 2005¹⁴ to 21.7% in 2014¹⁵. In

¹⁴ 2006 KOICA Annual Report, P.18

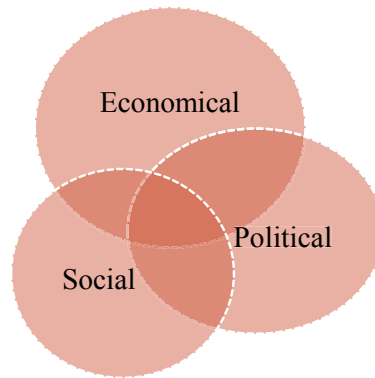
¹⁵ 2014 KOICA Annual Report, P.12

addition, within Africa, some countries such as Tanzania are considered priority countries, receiving a larger percentage of the African share than others such as Kenya. One may ask what explains this preference? IRCT may provide an explanation on Korea's choice of Africa and the priority countries within Africa. Korea as a rational actor aspires to achieve social outcome that maximum utility out of the bilateral aid, the social outcome may be economic, political or social. For example, in 2006, when Ban Ki-Moon was campaigning for the Secretary General of the UN position, Korea as a rational actor made a choice to increase bilateral aid to Africa to USD 100 million by 2008 (S.Kim and K. Gray, 2016:658), in order to gain support from African countries. In the same year (2006), Tanzania was a non-permanent member of UN Security Council received USD 3.745 million bilateral aid from Korea an increase from the previous year by 1.9%¹⁶. In 2012 when Korea was bidding to host the Green Climate Fund Secretariat, Seoul announced assistance of USD 60 million to Africa with a view to secure African votes (ibid). In this study I argue that Korean motivation to increase bilateral aid to Africa is based on IRCT.

¹⁶ 2006 KOICA Annual Report, P.24

3.2 Analytical Framework

Figure 5: Ricoeurian circles



Source: Ricoeur (2008:317)

Ricoeurian three level of analysis was proposed by a French philosopher, Paul Ricoeur to help in analysing hermeneutics and social phenomena. In this study the levels of analysis which is also known as Ricoeurian model is used to interrogate the motivation of Korean bilateral aid to Africa. The motivations are categorised into three levels namely economic, political and social, each level of motivation is represented by one circle. As a general rule, the larger the size of the circle, the more important the motivation. For example, if the economic circle is larger followed by political circle and the social circle, it means that economic motivation is the main drive followed by political and less important is social motives. In the model also there are areas which intersect between two circles, for instance the intersection between economic and political circle signifies that aid motivation are derived by both economic and political

reasons. Then there is the area where all the three circles intersect, this area means that the motivation of bilateral aid is informed by social, political and economic reasons. In practice this area is every small, meaning that rarely donors provide aid for social, political and economic reasons at the same time in equal measure. When donors provide bilateral aid to recipient country one of the three motivations is more pronounced than the other two, that is why the circles differ in size.

As noted in the theoretical framework, that Korea is a rational actor who makes rational decisions based on the utility, satisfaction or profit derived from making a choice. Korea will always strive to maximise its utility in dealing with other partner countries, foreign bilateral aid to African countries is no exception. As it is well known that Africa consists of fifty four (54) countries which are diverse in terms of geographical size, population, natural resource endowment and even level of economic growth. For example the largest African country by size is Algeria with an area size of 2.38 million square kilometers and the smallest is Seychelles with an area of 459 square kilometers. In terms of population, Nigeria is the largest with a population of 154.7 million people and Seychelles is the smallest with a population of 92,000. In respect to natural resources , according to World Bank “Africa is home to about 30% of the world’s mineral reserves, 10% of the world’s oil, and 8% of the world’s natural gas”¹⁷. With regard to economic development, Africa hosts 33 out of 48 world’s

¹⁷ World Bank accessed on <http://www.worldbank.org/en/topic/extractiveindustries/overview>; 17th October, 2016.

poorest nations¹⁸. In such a diverse continent what should be the criteria of extending bilateral aid? Should it be based on altruistic or self interest. In regards to this study the question is why should Korea prefer to give more aid to Tanzania than Kenya?, what informs this decision?. The obvious answer is that Korea will prefer to give aid to a country that will maximise its utility, this utility could be of economic nature, political or social. Since the main objective of this study is to decipher bilateral aid to Africa, understanding the motivation behind is paramount and thus the Ricourian model becomes handy in helping to decipher. Therefore, Ricourian model will analyse Korea motivation on three levels, economic motivation will be examined where trends on trade (exports and imports), foreign direct investment, ODA both in terms of grants and loans. The second level will be the political level, here diplomatic relations, high level exchange of visits and bilateral agreements will be analysed, then lastly the social level where the level poverty, school enrollment, access to water will be looked to determine if there is any correlation with the amount of bilateral aid advanced to Kenya and Tanzania

3.2.1 Economic Level

At the economic level, the study explores the economic interests that a donor country could be motivated to pursue in the recipient country, some of the economic interests include access to market to expand its export base, search for raw materials, energy resources and investment opportunities.

¹⁸ 2014 KOICA Annual Report:p.46

Korea's economic growth averaged 3.6 per cent over the last decade, signifying a sharp drop compared to 9.3 per cent over the period between 1985 and 1995 (Anyimadu and Neville. 2016:3). Korea's total bilateral trade with Africa is still very low, in 2015, Korea's exports to Africa was merely 1.4 per cent. During the first quarter of 2016, Korea's economic growth declined to 2.7 per cent resulting to decline of total exports. This trend increases the importance and urgency of Korea to explore new markets for its exports.

According to World Bank, Korea is the 15th world's biggest economy, it depends heavily on exporting her industrial products. The desire to look for market for its products influences the foreign policy of the Korean government. One of the policy choice is the use of bilateral aid to expand its trade activities. To put it in another way, Korea may direct aid to those countries that have high potential to import Korean products than those which import less, therefore, one of the consideration to give bilateral aid is the opening up of the recipient domestic market to Korean products.

In order to sustain its economic growth, Korea needs raw materials for its industrial production. Many African countries have abundant mineral resources and have become a target for foreign aid. For example, China has used its ODA strategies to Africa to achieve its goals. In 2006, during the FOCAC summit in Beijing, China announced a concessionary loans to Africa worth USD 5 billion. In 2009, china doubled the amount

to USD 10 billion¹⁹. As a result China imports copper from Zambia, cobalt from DRC, iron ore from South Africa. Timber from Cameroon, Congo and Gabon (Kang et al, 2010). China extends the largest share of its ODA to Africa in order to endear itself to the continent to access its resources. Is Korea also following the Chinese model in Africa?, Analysing Korea's imports from Kenya and Tanzania may help to establish whether there is any link between imports, particularly natural resources and the amount of ODA advanced.

Foreign Direct Investment may be another motivation for a donor country to advance foreign aid to a recipient country. For example Japan, its ODA Charter clearly stipulates that the main objective of its ODA is to “ensure Japan's security and prosperity”²⁰, therefore, it means that security and economic motives derive Japan's ODA foreign policy than alleviating poverty. This is illustrated by Japan's high level of tied aid in terms of loans. Many private companies in donor countries aspire to win major infrastructure tenders in developing countries. Businessmen pressure their governments to engage more developing countries. For example, when Korean President, Park Geun-hye visited three African countries (Ethiopia, Uganda and Kenya) in late May and early June, 2016, she was accompanied by a huge business delegation. The Korean entourage comprised of 169 delegates from 166 enterprises mostly from small and medium size enterprises specializing in machinery, consumer

¹⁹ Forum on China-African Cooperation, <http://www.focac.org/eng/lttda/dsjbzjhy/> accessed on 20th October, 2016.

²⁰ Japan's ODA Charter

goods and logistics²¹. Economic Advisor, Ahn Jong-beom argued that the three African countries visited showed a remarkable economic growth of between 5 to 10 per cent in 2016, irrespective of global economic slow down. The businessmen in the delegation were expected to explore potential African market access²². During the recent visit by the Japanese Prime Minister, Shinzo Abe to Kenya in August 2016, to attend the Six round of Tokyo International Conference on African Development (TICAD 6), he was accompanied by a business delegation²³. These examples potrays the bigger picture of how donor governments prioritise economic interests in dealing with recipient countries. Therefore, the Ricourian model will afford this study to interrogate the economic motivation of Korean aid to Kenya and Tanzania.

3.2.2 Political level

Politics play an important role in country's foreign policy, establishment of diplomatic relations is the first step in official recognition between two sovereign states. It is as a result of the diplomatic relations that nations cooperate at the bilateral and multilateral level to address common challenges or seek support at the international level.

²¹ Korea. Net. <http://m.korea.net/english/NewsFocus/Policies/view?articleId=136553&page=1> accessed on 20th October, 2016.

²² ibid

²³ Ministry of Foreign Affairs of Japan. http://www.mofa.go.jp/afr/af2/ke/page4e_000501.html accessed on 20th October, 2016.

3.2.2.i Bilateral level

At the bilateral level when countries establish diplomatic relations, the second step is to strengthen this relationship by establishing diplomatic missions in each others capital. It is generally regarded that those developing countries that have Embassies in donor countries capital have leverage in pushing their policies to the host country, including foreign aid. It is interesting to find out how diplomatic presence affects foreign aid, because whereas Korea has diplomatic mission in Nairobi and Dar es Salam, it is only Kenya which has resident Mission in Seoul while Tanzania is represented by its Mission in Tokyo, Japan which is accredited to Seoul. In connection to this point, we are curious to find out how the relations with DPRK plays out in the foreign aid policy. Both Kenya and Tanzania have diplomatic relations with DPRK, however, Tanzania has close relations with DPRK due to ideological preference to socialism. Infact DPRK has resident mission in Dar es Salam, then the question is why is Korea not providing more bilateral aid to Kenya which has resident mission in Seoul and does not have resident mission of DPRK in Nairobi?

Bilateral relations is deemed to be warm and cordial if there is frequent exchange of visits at the highest level. These high level exchanges not only unlock opportunities for trade, investment, cultural exchange, ODA, exchange of information and knowledge but also send a strong signal to both countries on the level of friendship and trust. These visits play a greater role in influencing favourable foreign policy including bilateral aid.

Agreements signed between two countries signifies the level of commitment to cooperate in specific areas of mutual interest. For example, when countries negotiate and sign Free Trade Agreements (FTA), signifies the intention to promote trade between the two countries. When they sign a Bilateral Investment Treaty (BIT) means they intend to promote foreign direct investment. Therefore, analysing the agreements signed helps to understand the political motivation towards bilateral aid.

3.2.2.ii Multilateral level

Political support at the UN has often been used by the donor countries to determine the level of foreign aid recipient countries attracts. For example, when the immediate former UN Secretary General Ban Ki-Moon was campaigning for the position, Korea courted Africa and as a result Korea increased its Foreign aid to Africa three folds (Kim.2013:55). Another example where political support induce increase in foreign aid, is exhibited when Korea was bidding to host the Green Climate Fund (GCF) Secretariat in Songdo, Korea, it announced an assistance plan to Africa of USD 60 million during KOAFEC meeting in return to African votes (Kim. 2013:66).

When a developing country is a non-permanent member on UN Security Council also affect the amount of foreign it receives from donors during the period it serves at the Security Council. Hoeffler and Outram (2011) argued that aid has strong correlation to U.N. votes between donor and recipient countries.

3.3 Social level

As stated in the 2014 KOICA annual report and also the World Bank report of 2013 that out of 48 poorest countries in the world, 33 countries are found in Africa. These are countries with a larger population below the poverty line with less opportunities to advance themselves out of the vicious cycle of poverty. The challenges facing poor countries are many ranging from extreme hunger, high child and maternal mortality rates, low primary school enrollment rate, lack of accessible clean water and spread of communicable diseases such as Malaria, Tuberculosis and HIV/AIDS. In acknowledging this dire situation the international community in the year 2000 established the Millenium Development Goals (MDGs) with an “aim to reduce by half the number of people living in extreme poverty by the year 2015. The MGDs consisted of eight goals including eradicating extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for development”²⁴. Donor countries were encourage to devote more resources to achieve the MDGs. Korea as a responsible member of the international community and an emerging donor who joined OECD/DAC in 2010 may have been inspired by the plight of the extreme poor people to extend bilateral aid to alleviate the social challenges affecting African countries. Therefore, analysing the social factors and the target sectors of Korean ODA may help to find the motivation.

²⁴ The Millennium Development Goals Report 2015: United Nations

Chapter 4

Case Study of Korean Bilateral Aid to Kenya

Kenya has been one of the African countries receiving Korean aid since 1989, it has been consistent but volatile, examining the bilateral relations between Korea and Kenya may help us understand Korean aid in Africa. In this chapter, economic, trade and political relations is examined to find out if there are any pattern between Korean aid and economic, trade or political factors.

4.1 Bilateral Economic Relations

4.1.1 Bilateral Aid

Table 2: Korean ODA to Kenya Net disbursement (USD Million)

Year	Amount in US \$ Million	% share in Total Korean ODA	% share of Korean ODA in Africa
2005	10.9	2.49	27.88
2006	15.5	4.65	32.43
2007	2.6	0.58	3.70
2008	1.8	0.38	1.70
2009	4.5	0.88	4.74
2010	2.8	0.33	2.00
2011	9.3	1.44	5.21
2012	9.0	0.87	3.45
2013	5.3	1.17	1.95
2014	3.7	0.31	1.11
Total	65.4		

Source: . OECD (2005-2014)

Table 2 above shows that for the period under review 2005 to 2014, Kenya received Korean aid amounting to USD 65.4 million. In 2006, Kenya received the highest bilateral aid from Korea amounting to US \$15.5 and the lowest amount in 2008, US \$ 1.8 million. Korean aid to Kenya has generally been decreasing since 2006, this trend confirms the fact that Kenya is not a priority country in Korean ODA policy.

The Percentage share of Korean ODA to Kenya in respect to total Korean ODA also shows a downward trend with the highest share registered in 2006 of 4.6 per cent and the lowest in 2014 of 0.31 per cent. One observation is that the percentage share in total Korean ODA has generally remained below zero point since 2006, it is only in 2011 and 2013 that the per centage share increased above a single digit.

In the African continent, the per centage share exhibit a similar pattern of downward trend with the highest share recorded in 2006 of 32.43% and the lowest in 2014 of 1.11%. Another interesting observation here is since 2006, the share has been a single digit in decreasing pattern.

As we have noted earlier that ODA comprises two elements of loan and grants in the next figure we shall examine the loan part of ODA extended to Kenya.

Table 3: Korean ODA Gross Loans to Kenya

Year	Amount in US \$ Million
2005	11.2
2006	15.2
2007	0
2008	0
2009	0
2010	0.2
2011	3.8
2012	3.8

2013	1.3
2014	0.1
Total	35.6

Source: OECD (2005-2014)

Kenya received a total of US \$ 35.6 million from 2005 to 2014. The highest amount was received in 2006 amounting to US \$ 15.2 million and the lowest amount US \$ 0.1 million in 2014. For three consecutive years from 2007 to 2009 Kenya received zero amount. The general trend of Korean loan is downward.

Table 4: Korean ODA Grants to Kenya

Year	Amount in US \$ Million
2005	0.5
2006	1.1
2007	3.4
2008	2.5
2009	5.1
2010	3.2
2011	6.1
2012	5.8
2013	4.7
2014	4.0
Total	36.4

Source: OECD (2005-2014)

Korean ODA grants amounted to US \$36.4 million for the period under review. The highest amount of grant was given in 2011 amounting to US \$6.1 million while the lowest amount was in 2005 of US \$0.5 million. The amount of grants increased gradually from 2005 to 2011, there after it has assumed a downward trend. Kenya received slightly more grants than loans.

4.1.2 Bilateral Trade in Goods

Table 5: Korea imports and exports to Kenya as reported by Korea (USD Million)

Year	Amount in US \$ Million	
	Exports	Imports
2005	71.0	4.3
2006	204.9	5.1
2007	136.7	7.8
2008	156.3	5.7
2009	164.7	5.6
2010	232.7	9.2
2011	214.9	17.6
2012	263.0	27.8
2013	258.0	29.2
2014	344.5	28.1

Source: UN Comtrade (2005-2014)

Trade relations between Korea and Kenya has been increasing since 2005. Korean exports to Kenya increased from US \$ 71 million in 2005 to US \$344.5 million in 2014 accounting for over 400% increase, while imports from Kenya also increased from US \$4.3 million in 2005 to US \$ 28.1 million in 2014 accounting for over 600% increase. The balance of trade is heavily skewed in favour of Korea. The main exports from Korea to Kenya include manufactured goods, chemicals, machinery , transport equipments and fuel. From 2005 to 2013, manufactured goods accounted for over 75% of exports, followed by chemicals and Machinery and transport equipments. In 2014, fuel accounted for over 50% of total exports, followed by manufactured goods at 30% and chemicals at 10%. Main imports from Kenya include food products, ores and metals.

4.1.3 Bilateral Investment in Kenya

Table 6: Korea Foreign Direct investments in Kenya as reported by Korea (USD Million)

Year	Amount in US \$ Million
2005	0.2
2006	0.2
2007	0
2008	0
2009	0.1
2010	0
2011	1.2
2012	0.3
2013	2.1
2014	0

Source: OECD (2005-2014)

Korean FDI in Kenya is very low, the Kenyan economy has not been able to attract South Korean investors. Table 6 above shows that in four years there was zero Korean investment in Kenya (2007,2008,2010 and 2014). The highest FDI was recorded in 2013 of USD 2.1 million.

4.2 Political Bilateral Relations

4.2.1 Establishment of diplomatic relations

Korea and Kenya established diplomatic relations in 7th February, 1964²⁵, since then the relations have been cordial and warm. Korea opened resident diplomatic Mission in Nairobi in 1964 the same year they established diplomatic relations, while Kenya opened a resident Embassy in Seoul in July 2007. Prior to July 2007, Kenya Embassy in Tokyo was accredited to Korea.

4.2.2 High Level Visits

4.2.2.i From Korea to Kenya

Korea and Kenya exchanged high level visits majoriy being at Ministerial level. Some of the high level visits from Korea to Kenya include; Minister for Foreign Affairs, Ban Ki-Moon in January 2005 August and November 2006, Minister for Trade, Kim Hyun-chong in March 2005 the Minister for Environment, Lee Chi-bum, 1st Vice Minister of Foreign Affairs, Shin Kak-Soo in January 2010, Former Prime Minister, Han Seung-soo in June 2011, Minister of Special Affairs, Lee Jae-oh, in July 2011, National Assembly Vice Speaker, Chung Ui-hwa, in January 2012.

²⁵ Ministry of Foreign Affairs and Trade of the Republic of Korea http://www.mofat.go.kr/ENG/countries/middleeast/countries/20070804/1_24494.jsp?menu=m30_50 accessed on 19/05/2016

Others who visited include Secretary General of the National Assembly, Yoon Won-jung in March 2012, Prime Minister, Kim Hwang-sik in July 2012, Minister for Foreign Affairs, Kim Sung-hwan in January 2013, Vice Speaker of the National Assembly, Park Byung-suk in January 2013, National Assembly Member, Chung Byung-kuk in January 2013, Speaker of the national Assembly, Kang Chang-hee in July 2013 and Assistant Minister of Foreign Affairs, Lee Kyung-soo in July 2014.

4.2.2.ii From Kenya to Korea

Minister of Roads, Public Works, and Housing, Raila Odinga in April 2005, Minister for Immigration, Jebii Kilimo in May 2005, Minister for Foreign Affairs, Raphael Tuju, in November 2006, Assistant Minister for Foreign Affairs, Richard Onyonka in November 2009, Vice President, Kalonzo Musyoka in 2010, Minister for Medical Services, Professor Any'ang Nyong'o in November 2011.

Other visits include Minister for Trade, Moses Wetangula in June 2012, Minister for Gender, Sports, Culture and Social Services, Naomi Shaban in July 2012, Minister for Foreign Affairs, Sam Ongeru in October 2012, Prime Minister, Raila Odinga in November 2012, Speaker of the National Assembly, Justin Muturi in March 2014, Cabinet Secretary for Information, Communication and Technology, Fred Matiang'i.

4.2.3 Diplomatic Relations with North Korea

Kenya established diplomatic relations with North Korea in 2012. Kenya and North Korea do not have resident missions in each others capital. Kenya's Embassy in

Beijing, China is accredited to Pyongyang, while North Korea's Embassy in Kampala is accredited to Nairobi.

4.2.4 Bilateral Agreements signed

During the period under the study Kenya and Korea signed three (3) Agreements including Agreement on Promotion and protection of investment, Agreement on avoidance of double taxation and Agreement on grant aid all these were signed in July 2014 in Nairobi.

4.3 Social relations

The Millennium Development Goals Status Report for Kenya in 2013 shows the proportion of people living below the poverty line was 45.9 per cent in 2005 and in 2012 was 34.2 per cent ²⁶. Net Enrolment Ratio in Primary Education was 82.8 per cent in 2005 and in 2013 was 95.9 per cent²⁷. Under five-mortality rate was 92 per cent in 2005 and in 2011 was 74.0 per cent , infant mortality rate was 60 per cent and in 2011 was 52 per cent . Maternal mortality was 488 deaths per 100,000 live births in 2009²⁸.

²⁶ Ministry of Devolution and Planning, "Millennium Development Goals Status Report for Kenya 2013". P.5

²⁷ Ibid. p. 8

²⁸ Ibid. p.18-19

4.3.1 Sample of social Projects financed by Korea bilateral aid

Korea has financed a number of projects in Kenya in line with the Millenium Development Goals, some of the projects include Development and Rehabilitation of Ground water wells in Kitui, Turkana and Garrisa, Construction of a water purification plant in Asembo and Water Supply facilities in Suswa, Construction and Remodelling of 18 Primary Schools in Nairobi, Nakuru and Thika, Improvement of Kitengela Clinic, Drinking Water Development in Tana Basin.

4.3.1.i Development and Rehabilitation of Ground Water Wells in Kitui, Turkana and Garissa.

Access of clean water is a major challenge in Kenyan rural areas, particularly in the Arid and Semi-Arid areas of Kitui, Turkana and Garissa. According to United Nations International Children Emergency Fund (UNICEF), the United Nations classifies Kenya as chronically water scarce country, it argues that ‘water supply estimates show that only 56 per cent of Kenyan population have access to safe water. Approximately 80 per cent of hospital attendance is due to preventable diseases and about 50 per cent of these illnesses are water, sanaitation and hygiene related’ . In 2004, Kenya experienced a worst drought adding to misery to the population, in 2006, KOICA intervened to alleviate the situation by financing various water projects. One of the bilateral aid project is the development and rehabilitation of ground water well in Kitui, Turkana and Garissa, this project invoved development and rehabilitation of water wells, provision of equipments, dispatch of experts and the rehabilitation of ground

water wells through supporting Non-governmental Organizations (NGO). The project costed USD 400,000. The project period was 2006.

4.3.1.ii Construction of Water Purification plant in Asembo and Water Supply in Suswa

Another water project financed by KOICA is the construction of water purification plant in Asembo and water supply facilities in Suswa, the project involved construction of a large-scale purification plant in Asembo with a processing capacity of 166 cubic meters per hour. In Suswa, KOICA repaired an existing 166 cubic meter volume reservoir and rehabilitated two ground water wells and a 7 kilometer long pipeline. The project costed USD 2,420,000, it was implemented between 2007 and 2008.

4.3.1.iii Drinking Water Development in Tana Basin

Tana River is the main source of drinking water for residents in Northeaster region of Kenya. However, the water is safe and clean for drinking. In 2008 and 2009, KOICA undertook a project for drinking water development in Tana Basin, the project entailed “development of ground water wells and installation of facilities for the usage, the construction of pipes, the provision of equipment for water analysis and vehicles for research, the dispatch of experts in ground water, Civil engineers and mechanics and the invitation of trainees to Korea for training (on Groundwater, water inspection, purification facilities, and management)” (Kim Jin-Oh et al, 2010:817). KOICA invested USD 2,080,000 for the project.

4.3.1.iv Construction and Remodeling of 18 Primary Schools in Nairobi, Nakuru and Thika.

In 2003, Kenya implemented free primary school education which saw increase in enrollment, the number of students increased from 5.9 million to 8 million. This rapid increase was not matched with the corresponding increase in infrastructure. KOICA in a bid to assist the Kenyan government, funded USD 2.5 million (ibid,816) to expand and remodel 15 existing schools and construct three new schools, the project also involved the dispatch of experts for project management, training of teachers in Korea and supply of learning equipments.

4.3.1.v Improvement of Kitengela Clinic

The Ministry of Health of the Republic of Kenya requested assistance in improving maternal health clinic so as to reduce rampant cases of maternal and child mortality during delivery. KOICA in 2008 and 2009 funded the expansion and equipping of the maternal clinic in Kitengela. The project involved “ construction of clinic buildings, the provision of ambulances, an x-ray machine, ultrasound machine and delivery beds and invitation of the officials of the Ministry of Health to Korea for training” (Kim Jin-Oh et al, 2010:815).

Conclusion

The bilateral relations between Kenya and Korea is largely motivated by economic factors, trade is high on the agenda. The political motive reinforces the economic

agenda. This is shown by the increase in trade volume with the opening of Mission in Seoul. The Kenyan foreign policy emphasise on economic diplomacy, Korea is one of the country that Kenya benchmark itself with. Further, the exchange of visits culminated in signing of the two important agreements on protection and promotion of investment and avoidance of double taxation. The lack of legal framework on investment is responsible for the low flow of Korean FDI to Kenya.

On Korean perspective, Kenya is an important economic player in East Africa region, therefore courting it through grant aid is a sure way to keep it close and to penetrate the market. Korea Trade –Investment Promotion Agency (KOTRA) established an office in Kenya to promote trade and investment in Kenya. Therefore the bilateral aid and trade promotion aimed at furthering economic interests of Korea.

Chapter 5

Case Study of Korea Bilateral Aid to Tanzania

5.1 Bilateral Economic Relations

5.1.1 Bilateral Aid

Tanzania like Kenya, has been receiving Korean ODA since 1998. Korean aid has been consistent and on upward trajectory since 2005. Analysing the bilateral relations between Korea and Tanzania may help us understand Korean aid in Africa. In this chapter, economic, trade and political relations is examined to find out if there are any pattern between Korean aid and economic, political or social factors.

Table 7: Korean ODA to Tanzania Net disbursement (USD Million)

Year	Amount in US \$ Million	% share in Total Korean ODA	% share of Korean ODA in Africa
2005	2.4	0.55	6.14
2006	3.8	1.14	7.95
2007	9.4	2.11	13.39
2008	7.2	1.53	6.91
2009	9.2	1.80	9.68
2010	21.5	2.57	15.37
2011	20.9	2.34	11.72
2012	50.6	4.88	19.39
2013	56.9	12.58	20.94
2014	79.8	6.67	23.99
Total	261.7		

Source: OECD (2005-2014)

Table 7 above shows that for the period under review 2005 to 2014, Tanzania received Korean ODA amounting to US \$ 261.7 million. Korean bilateral aid to Tanzania has increased rapidly from US \$ 2.4 million in 2005 to US \$ 79.8 in 2014, registering 3,325 per cent increase in 10 years. The growth rate demonstrate the importance of Tanzania in Korean aid policy, and hence the consistency of Tanzania being a priority country for the last 9 years until 2013. However, even in 2014 when Tanzania was dropped from the priority list, it received even the highest amount during the period.

The Percentage share of Korean ODA to Tanzania in respect to total Korean ODA also shows an upward trend with the highest share registered in 2013 of 12.58 per cent and the lowest in 2005 of 0.55 per cent. One observation is that the per centage share in total Korean ODA has generally remained single digit since 2006, it only increased to double digit in 2013 then it went back to single digit in 2014 of 6.67 per cent.

In the African continent, the per centage share exhibit a similar pattern of increasing trend with the highest share recorded in 2014 of 23.99 per cent and the lowest in 2005 of 6.14 per cent. Another interesting observation, in 2014 Tanzania received 23.99 per cent share of total Korean bilateral aid to Africa and yet it was not among the priority countries.

In order to understand in detail the composition of Korean aid to Tanzania, we next examine separately the share of loan and grant.

Table 8: Korean ODA Gross Loans to Tanzania

Year	Amount in US \$ Million
2005	0
2006	0
2007	4.8
2008	1.0
2009	0.6
2010	9.9
2011	10.4
2012	37.4
2013	46.2
2014	66.9
Total	177.2

Source: OECD(2005-2014)

Tanzania received a total of US \$ 177.2 million from 2005 to 2014. The highest amount was received in 2014 amounting to US \$ 66.9 million and the lowest amount US \$ 0.6 million in 2009. For two consecutive years from 2005 and 2006 Tanzania received zero amount. Tanzania received more loans than grants and the general trend of Korean loans is increasing.

Table 9: Korean ODA Grants to Tanzania

Year	Amount in US \$ Million
2005	2.4
2006	3.8
2007	4.7
2008	6.2
2009	8.6
2010	11.6
2011	10.6
2012	13.2
2013	10.7
2014	12.9
Total	84.7

Source: OECD (2005-2014)

Korean ODA grants amounted to US \$84.7 million for the period under review. The highest amount of grant was given in 2012 amounting to US \$ 13.2 million while the lowest amount was in 2005 of US \$2.4 million. The amount of grants increased gradually from 2005 to 2012, it slightly dropped in 2013 but it increased in 2014. The amount of grants is mostly used to finance social infrastructure projects such as health, education, agriculture and water and sanitation.

5.1.2 Bilateral Trade Relations

Table 10: Korea imports and exports to Tanzania as reported by Korea (USD Million)

Year	Amount in US \$ Million	
	Exports	Imports
2005	30.6	1.7
2006	42.1	8.0
2007	67.9	2.9
2008	77.5	1.0
2009	67.8	10.8
2010	107.3	70.5
2011	91.1	45.1
2012	199.6	23.3
2013	145.0	46.1
2014	333.0	42.5

Source: UN Comtrade (2005-2014)

Trade relations between Korea and Tanzania has been increasing since 2005. Korean exports to Tanzania increased from US \$ 30.6 million in 2005 to US \$333.0 million in 2014 accounting for over 1,000 per cent increase, while imports from Tanzania also

increased from US \$1.7 million in 2005 to US \$ 42.5 million in 2014 accounting for over 2,500 per cent increase. The balance of trade is heavily skewed in favour of Korea. The main exports from Korea to Tanzania include manufactured goods such as plastic and rubber, chemicals, machinery and transport equipments. Manufactured goods accounted for over two thirds of totals exports from 2005 to 2013, however, in 2014 the trend changed fuel accounted for more than of half of exports. While main imports from Tanzania included ores and metals and Food products.

Table 11: Korean Foreign Direct Investment in Tanzania as reprted by Korea

Year	Amount in US \$ Million
2005	0.1
2006	0.3
2007	1.6
2008	0.9
2009	1.0
2010	0.3
2011	0
2012	0.2
2013	0
2014	0.1

Source: OECD (2005-2014)

Korean FDI in Tanzania is generally very low, the highest flow of FDI was USD 1.6 million in 2007. In the year 2011 and 2013 there was no investment made. The low level of FDI signifies that Korean investors are not attracted to Tanzania market.

5.2 Political Relations

5.2.1 Establishment of diplomatic relations

Korea and Tanzania established diplomatic relations in 30th April, 1992²⁹, since then the relations have been cordial and warm. Korea opened resident diplomatic Mission in Dar es Salam in 1992 the same year they established diplomatic relations. Tanzania does not have resident diplomatic Mission in Seoul, Tanzania Embassy in Tokyo is accredited to Korea.

5.2.2 High Level Visits

5.2.2.i From Korea to Tanzania

Korea and Tanzania exchanged high level visits, majoriy being at Ministerial level. According to the Ministry of Foreign Affairs of the Republic of Korea the following are some of the high level visits from Korea to Tanzania include; the then Minister for Foreign Affairs, Ban Ki-Moon in January 2005, Special Envoy of the President, Kwon Jin-ho in December 2005, Deputy Prime Minister, Park Young-joon in May 2010, Minister of Culture and Tourism, Chung Byeong-kuk in June 2011, Vice Speaker of the National Assembly Park Byeong-seok in January 2013, Speaker of the National Assembly Kang Chang-hee in July 2013, President of Committee of Foreign Affairs and Trade An Hong-joon in July 2014.

²⁹ Ministry of Foreign Affairs and Trade of the Republic of Korea http://www.mofat.go.kr/ENG/countries/middleeast/countries/20070804/1_24494.jsp?menu=m30_50 accessed on 19/05/2016

5.2.2.ii From Tanzania to Korea

The highest visit from Tanzania to Korea was the Presidential visit by President Jakaya Mrisho Kikwete in November 2006. Other visits include Vice President, Mohamed Shein in May 2005, Minister of Planning, Economy and Empowerment, Juma Ngasongwa in April 2006, Minister for Foreign Affairs and International Cooperation, Bernard Membe in May 2007, Minister for Health and Social Welfare, Prof. David Mwakyusa in October 2007, Minister of Energy and Minerals, William Ngeleja, Minister of Natural Resources and Tourism, Shamsa Mwangunga in October 2008, Minister for Planning and Finance, Mustafa Mkullo, November 2008 and 2011.

Also visited include Prime Minister Bernard Membe, in August 2009 and July 2011, Minister for Industry, Trade and Marketing, Abdalla Kigoda in August 2012, Minister of Energy and Minerals, Sospeter Muhongo in October 2013 and Minister for Foreign Affairs and International Co-operation Bernard Membe in December 2013.

5.2.3 Diplomatic Relations with North Korea

Tanzania established diplomatic relations with North Korea since its independence in 1960s. North Korea have resident missions in Dar es Salam, while Tanzania does not have a resident mission in Pyongyang.

5.2.4 Bilateral Agreements signed

Tanzania and Korea signed a number of bilateral agreements including loan agreement in Construction of Malagarasi Bridge and access roads signed in 2007, Agreement on the Improvement of Water supply system in Dodoma town signed in 2009, Agreement on the construction of Muhimbili University Hospital signed in 2009, Agreement on Iringa-Shinyanga Backbone Investment Project signed in 2011, Agreement on medical equipment supply to Muhimbili University Hospital signed in 2010, and Agreement on construction of Zanzibar Irrigation Infrastructure Project signed in 2011.

5.3 Social relations

According to the United Republic of Tanzania Millennium Development Goals Report Mid-way Evaluation 2000-2008 for Tanzania the proportion of people living below the poverty line was 33.64 per cent in 2008. Net Enrolment Ratio in Primary Education was 97.2 per cent in 2008. Under five-mortality rate rate was 112 per 1,000 live births in 2008, infant mortality rate cent was 68 per 1,000 live births in 2008. Maternal mortality was 578 deaths per 100,000 live births in 2008³⁰.

5.3.1 Sample of social Projects financed by Korea bilateral aid

During the period 2005 and 2014 Korea financed a number of projects in Tanzania through bilateral arrangements, some of the projects include Development of ground

³⁰ United Republic of Tanzania, Millennium Development Goals Report: Mid-way Evaluation 2000-2008. P.iii

water in Dodoma and Shinyanga regions, Rehabilitation of the irrigation facilities and modernization of the farms, Establishment of the Agro-Processing Training-cum-Production centers, capacity building for diagnostic service improvement of health centers in Dar es Salaam and Effective ICT education at the college of engineering and technology, University of Dar es Salaam.

5.3.1.i Development of ground water in Dodoma and Shinyanga regions.

Like Kenya, Tanzania also experienced severe drought in 2004, even though Tanzania has abundant water sources, lack of management of water resources facilities exacerbated the situation. For example, girls are forced to walk for several hours in search of water. In order to address the situation Tanzanian Government came up with “Integrated Water Resources Management and Development Program (2002-2005) and the “National Development Plan (2006-2025)”. KOICA funded the development of ground water project in Dodoma and Shinyanga regions to the tune of USD 1.5 million from 2006 to 2008. The project involved construction of eight new wells, refurbishment of existing water facilities and installed 40 rainwater harvesting facilities.

5.3.1.ii Rehabilitation of the Irrigation facilities and modernization of farms in Zanzibar and Morogoro

The Tanzanian government requested Korea for support in modernizing its agricultural industry by implementing irrigation schemes. In 2007 to 2009, KOICA invested USD 1.7 million in rehabilitation of the irrigation facilities and modernization

of the farms. The project involved “ rehabilitation of the underground water development and irrigation facilities, the provision of equipment, the support for Agricultural mechanization, dispatch of experts and invitation of related persons for training in Korea.

5.3.1.iii Establishment of the Agro-Processing Training-cum-Production centers

Tanzania is endowed with abundant agricultural produce, however, a larger percentage of the produce goes to waste, particularly fruits due to lack of processing facilities. In 2007, only 4 per cent of 2.7 million tons of agricultural produce were processed, compared to the Phillipines 83 per cent, Malaysia 78 per cent and Thailand 4-50 per cent. The Tanzanian National Development Plan prioritised Agro-processing industry. KOICA decided to fund construction of training centers for processing agricultural produce in Zanzibar, Morogoro and Dar es Salam. The project also involved the provision of equipments, dispatch of experts and training of Tanzanians in Korea. The project was implemented from 2008 to 2010 at it costed USD 3 million.

5.3.1.iv Capacity building for diagnostic service improvement of health centers in Dar Es Salam

During the visit of the President of the United Republic of Tanzania, Jakaya Kikwete in Korea in 2006, he requested the Korean government to improve medical diagnostic capabilities in Dar es Salam, Tanzania. In response to the request, KOICA undertook a project to construct diagnosis centers for contagious diseases and maternal and child care in three health centers in Dar es Salam namely Rangitotoo, Buguruni and Sinza,

provided equipments for diagnizing infectious diseases such as tuberculosis, AIDS, hepatitis, and liver diseases. It also dispatched Korean experts to Tanzania as well as training Tanzanian doctors in Korea. The project costed USD 4.5 million and was implemented from 2008 to 2010 (Kim Jin-Oh et al, 2010: 442).

5.3.1.v Effective ICT education at the College of Engineering and Technology, University of Dar es Salam

University of Dar es Salam (UD) is one of the premier institutions of higher learning in Tanzania, majority of bureaucrats are UD alumni including the current President John Magufuli, hence, it plays a pivotal role in the development of the country. One of the challenge facing UD was the lack of ICT facilities and enough man power. KOICA decided to finance the renovation of the two ICT centers, provided equipments and dispatched experts from Korea as well as training Tanzanian lectures in Korea. The project costed USD 2 million and it was implemented from 2006 to 2008.

Conclusion

The bilateral relations shows that economic factors reign supreme in making Tanzania a priority country. Loan aid has increased dramatically and so are the trade volumes. Tanzania has focused on financing her socioeconomic projects through concessional loans, this has endeared it to Korea. Tanzania also has vast mineral resources, recently it discovered huge deposits of natural gas, attracting Korea even more. Even though there are few high level visits from Korea to Tanzania and lack of resident mission in

Seoul, this political factors have not stopped Korea from prioritising Tanzania, this leads to a logical conclusion that economic factors is the driving force.

Chapter 6

Summary of Key Findings and Conclusion

The summary of findings is organized in line with the levels of analysis starting with economic, political then social motivation.

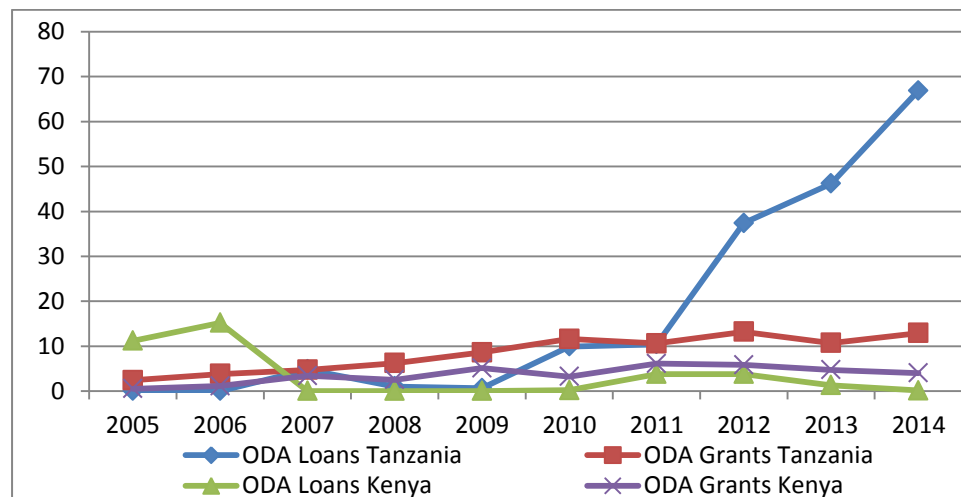
6.1 Economic Motivation

6.1.1 Bilateral aid

The data has shows that Korea provides more bilateral aid to Tanzania than Kenya, the gap between the two countries started to widen from 2011. The difference in the amount of grant aid given to Kenya and Tanzania has not been significant, even though Tanzania received slightly higher amount. However, the difference in the amount of loan is significantly high, implying that Tanzania receives more loan aid than Kenya. For example, in 2014, Tanzania received USD 12.9 million in grant aid while Kenya received USD 4 million, accounting for USD 8.9 million difference. In the same year Tanzania received USD 66.9 million in Loan while Kenya received USD 0.1 million accounting for USD 66.8 million discrepancy as illustrated by figure 6 below. What is remarkable in figure 6, is that from 2011 to 2014 the amount of loan aid advanced to Tanzania has been increasing annually. It is the amount of loan that makes Tanzania a priority than Kenya in respect to Korean bilateral aid. Grant aid finances social infrastructure while loan aid finances economic infrastructure. Loan is more inclined to economic motivation to both Korea and Tanzania. I argue that loan has economic benefit to Korea, for example, the loan Agreement on Iringa-Shinyanga

Backbone Investment Project amounting to USD 36.4 million signed in 2011 between Korea and Tanzania.

Figure 6: Net ODA loans and grants disbursed to Kenya and Tanzania in USD million



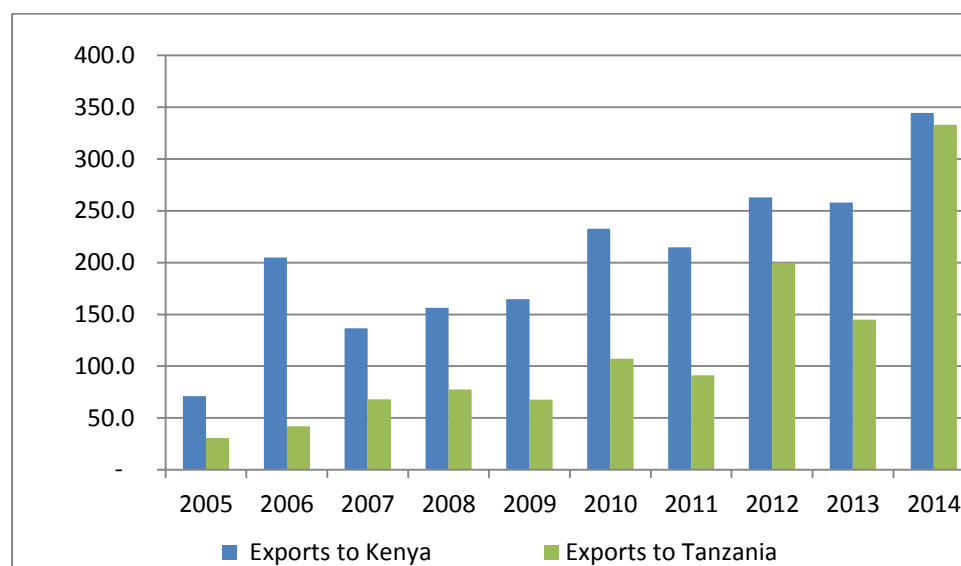
Source: OECD (2016)

The objective of the project was to increase power supply on the national grid to Tanzania's northern region through construction of transmission lines and expansion of related four substations in Iringa, Dodoma, Singida and Shinyanga. Since it was financed by Korea, on one hand, implementation of the project is usually done by Korean company, that means consultancy, procurement, construction and training is executed by Korean companies, in other words loan has the effect of creating overseas business for Korean companies. On the other hand, implementation of the project has the effect of stimulating economic growth through provision of reliable electricity to a region experiencing increase in mining and industrial activities.

6.1.2 Bilateral Trade (Exports)

Korea exports more goods to Kenya than to Tanzania, however, the gap has been narrowing. For example, in 2012 Korea exported goods worth USD 263 million to Kenya and USD 199.6 Million to Tanzania, resulting a difference of USD 63.4 million. In 2014, Korea exports to Kenya was USD 344.5 million and to Tanzania USD 333 Million, narrowing the difference to USD 11.5 million as shown in figure 7 below.

Figure 7: Korea's exorports of goods to Kenya and Tanzania in USD million



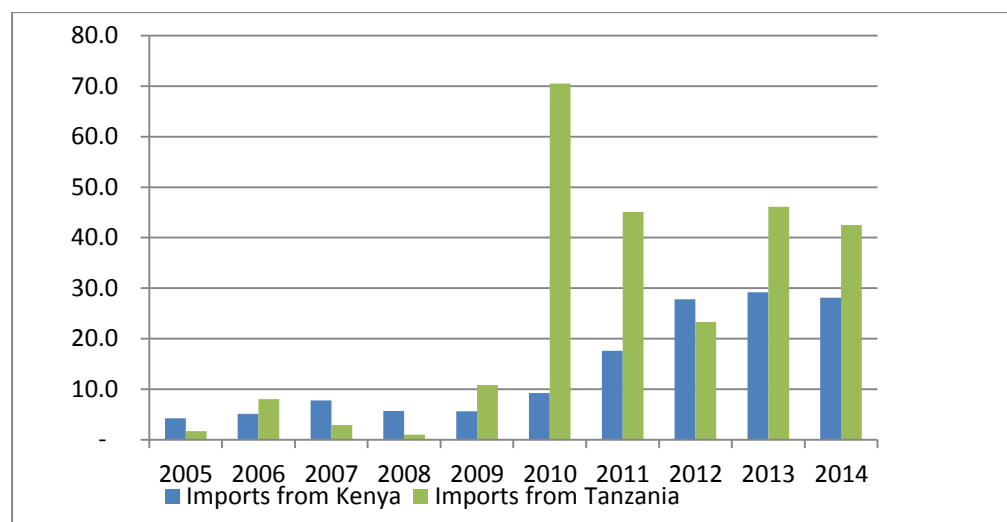
Source: UN Comtrade (2005-2014)

It should be noted that in 2011 Korea increased loan aid to Tanzania, the trade figures show that exports to Korea increased in 2012, reduced slightly in 2013 and increased significantly in 2014.

6.1.3 Bilateral Trade (imports)

Korea imports more goods from Tanzania than Kenya, from 2005 to 2009, imports from both Kenya and Tanzania was negligible below USD 10 million per year. However, from 2010 to 2014 imports increased significantly from both countries, registering over USD 40 million for Tanzania and over USD 20 million for Kenya per year. In 2014, Korea imported more food products and metals in both countries. Figure 8 illustrate the import trends. Coincidentally showing a tremendous increase in imports in 2010 onwards.

Figure 8: Korea's imports of goods from Kenya and Tanzania in USD million



Source: UN Comtrade (2005-2014)

Where as Korea has been exporting more goods to Kenya, it has been importing more from Tanzania than Kenya. Korea extend aid to countries that trade with her, this relationship is also exhibited by other countries that receive Korean aid. For example, Korea's exports to Egypt increased from USD 1.7 billion in 2010 to 2.3 billion in

2014. In Ethiopia Korean exports increased from USD 50.4 million in 2010 to 154.7 million in 2014. In Ghana, Korean exports increased from USD 212.7 million in 2010 to 351 million in 2013 and Senegal, exports from Korea increased from USD 44.4 million 2010 to 127 million in 2014, all these show significant increase in trade. On the other hand those countries that have less trade relations with Korea, receive less aid. For example, Mauritania, Korea exports in 2010 was USD 7 million, it received USD 0.1 million total aid from Korea. In 2010 Korea exported goods worth USD 10.3 million to Malawi and the corresponding bilateral aid was USD 0.4 million. Therefore, this emphasise that trade influence Korean aid policy.

6.1.4 Foreign Direct Investment

Korean FDI to both Kenya and Tanzania is very low. Korean investors have not been attracted to both countries. Even though Tanzania has been a priority country in Korea's foreign policy, the business community have not shown willingness to invest. Therefore, there is no link between foreign aid and FDI.

6.2 Political Motivation

6.2.1 Diplomatic relations

Korea has diplomatic relations with both Kenya and Tanzania. It has resident diplomatic mission in both countries. Kenya opened a resident diplomatic mission in Seoul in 2007, while Tanzania does not have resident diplomatic presence in Seoul. Opening of a resident mission in each others capital signifies very close relations between two countries. Those countries with resident missions have an upper hand in lobbying for favourable foreign policy towards their sending countries. In this case, Kenya ought to have more influence with Korean government by virtue of her presence in Seoul, including soliciting for bilateral aid. However, Tanzania is the priority in regards to Korean bilateral aid inspite of not having a resident mission. Another finding is that even though North Korea has diplomatic relations with both Tanzania and Kenya, it has a resident mission in Dar es Salam. Making Tanzania priority country is meant to alleniate influence of North Korea in Tanzania.

6.2.2 High level exchange of visits

Korea has exchanged high level visits with both Kenya and Tanzania. Korea has made seven(7) visits at Ministerial and Senior officials level to Tanzania between 2005 and 2014. Tanzania inturn has made fourteen(14) visits to Korea, including Presidential visit in 2006, when the immediate former President Jakaya Kikwete visited Korea in November 2006. At the same period, Korea made fifteen(15) visits to Kenya, while Kenya reciprocated with twelve (12) visits to Korea, the highest being that of former

Prime Minister, Raila Odinga in November 2012. There was more exchange of high level visits between Korea and Kenya than Korea and Tanzania. The implication is that, it is not the frequency of the visit but the level of the visit which matters politically. After the visit of President Kikwete of Tanzania to Korea, total aid increased annually. The President visit added political impetus.

6.2.3 Bilateral Agreements

Tanzania signed six bilateral loan Agreements while Kenya signed one grant aid Agreement and two investment protection Agreements. The agreements signed with Kenya are yet to enter into force since they have to go through the process of ratification. While the Agreements signed with Tanzania are already in force. The direction of the agreements signed by both countries points towards enhancing economic relations with Korea.

6.3 Social Motivation

Both Kenya and Tanzania have high level of people living below the poverty line, by 2008 the per centage of the population below the poverty line in Tanzania was 33.64 per cent while in 2009 in Kenya was 45.2 per cent. This means that Kenya had more poor people requiring aid than Tanzania. Primary school enrollment was higher in Tanzania than in Kenya at 97.2 and 95.9 per cent respectively. In infant and maternal mortality rate Kenya was doing better than Tanzania. Access of safe drinking water in

Kenya was in the rural areas 44 per cent and urban 71.1 per cent, while in Tanzania access in rural areas was 57.1 per cent and 83 per cent in urban areas.

Comparatively Kenya on one hand showed high indices of poverty than Tanzania in poverty ratio, primary school enrollement and access to safe drinking water, on the other hand, Tanzania showed high levels of health problems in infant and maternal mortality. Based on the data, considering social issues was the driving motivation in bilateral aid delivery, Kenya would have qualified to receive more aid than Tanzania. This finding implies that social motivation is not a key factor in determining aid allocation.

6.4 Conclusion

In this study we explored the criteria of determining the Korean bilateral aid to Africa by deciphering comparative trends from case studies of Kenya and Tanzania over a period of ten years. We found that even though social and political factors may have contributed to aid increase in Tanzania, economic factors are the main motivation. Loan aid has consistently increased over the period financing socio-economic infrastructure. This therefore, implies that Korean aid policy is driven by economic motives. A major lesson here for African countries to appreciate the Korean bilateral aid motives, so that they could align their policies to take advantage of the positive gesture shown by Korea to strengthen existing and explore new opportunities. As it has been shown in the study that grant aid alone is not sustainable because of limited amount, it needs to be complemented by concessional loans to finance socio-economic

infrastructure which will act as a catalyst for development. Tanzania has shown that it is possible to spur socio-economic growth through targeted strategic use of Korean aid , this experience provides vital lesson worth emulating by other African countries.

Implication of the study to Kenya

Kenya needs to refocus her relations with Korea to reap maximum benefit by targeting concessional loans to finance its development projects as espoused in the Kenya's economic development plan, Vision 2030. In this development plan there are a number of infrastructure projects such as the Lamu Port South-Sudan Ethiopia Transport project, which could not only benefit from concession loan financing but also technology and expertise from Korea.

Korea strives to diversify its energy sources, Kenya discovered a significant amount of oil but does not have the finance and technology. In this regard, Kenya could benefit from active engagement of Korea in the oil industry, especially through concessional loan financing and technology transfer.

Implications for African countries

Africa's economic growth provides an excellent opportunity for closer business engagement with Korea. However, it is essential for strategic reorientation of the bilateral relationship existing to maximize their potential in the following areas;

- Many African countries have enormous potential in natural resources. Korean investors will continue to be attracted by these natural resources, Africa stands to benefit from engagement with Korea in the mining industry in respect to financing and transfer of technology.
- Infrastructure development in Africa is still a major challenge. Korea has managed to modernize her infrastructure due to its strengths in civil engineering. Africa could partner with Korea to address such challenges within the framework of bilateral aid.
- Africa needs to move up the value chain in the global market to achieve sustainable growth. This requires investment in manufacturing sector which have huge potential for creating employment opportunities. Korea has robust manufacturing industries which are expanding to other Asian countries like Vietnam and Cambodia in search of cheap labour. Some African countries may provide better location for manufacturing.
- Korea has vast experience and capabilities in Information and Communication Technology (ICT), Africa may benefit not only by harnessing ICT industry in the continent but also knowledge sharing programme undertaken by Korea.

Policy Recommendations

- Kenya is in the process of establishing Special Economic Zones to spur industrialization in the country and also to create Job opportunities for the youth. Korea ODA could be a valuable to the country in attracting Korea's

small and medium size industries to set up their manufacturing base in Kenya to take advantage of not only Kenyan market but also the wider East African Community market.

- Industrialization would require vibrant and skilled man power, Korea is strong in vocational training. Within the framework of bilateral aid, Kenya may benefit the setting up and equipping of vocational training facilities to train skilled man power for various fields.
- Kenya has adopted a devolved government where decisions have moved from the central government to county government. County government can decide their development priorities and finance them through budgetary allocation from the central government. This therefore implies that county government are the major players to develop their respective jurisdictions. The Samael Undong training could be introduced to the county governments, within the framework of bilateral ODA to enhance economic growth at the rural areas.
- Water conservation and storage is key for industrialization and rural development. Even though Kenya receives adequate amount of rainfall annually, a lot of water goes to waste. Korea has knowledge and capabilities to construct multipurpose dams with high water storage capacity. Kenya may benefit from partnership with Korea in Water conservation and management.

Contribution to academia

Many studies conducted on Korea aid to Africa have focused on the whole continent as a unit of their study. The contribution of this study to the academia is the carrying out of comparative study between Kenya and Tanzania in respect to Korean bilateral aid, it has added knowledge to the academia on Korea's aid activities in Kenya and Tanzania.

Limitation of the study

The study has mainly focused on the Korean perspective, that is the data used is mainly as reported by Korea, this may not present a balanced view. It would have been more valuable if perspective from both Kenya and Tanzania would have been included to determine the motivation of Korea aid.

This study has given us an opportunity to learn on how Korea aid is positively impacting on the lives of rural population in Kenya and Tanzania through aid projects. The financing of water, education and health projects, even though they are small in magnitude but their impact to rural population is enormous.

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요약 (국문초록)

한국의 공적개발원조(ODA: Official Development Assistance)는 처음에 지리적으로 가까운 아시아 지역에만 초점을 맞추고 있었다. 최근에 와서 한국의 공적개발원조(ODA)의 초점은 점점 아프리카 지역으로 이동하고 있다. 한국의 이러한 움직임은 그의 이웃 나라인 일본과 중국에 따른 것인지, 아니면 단순히 아프리카 국가들이 빈곤에서 벗어날 수 있도록 힘을 보태기 위해서인지 아직 분명하지 않다.

수혜자로부터 오늘의 기증자로 변화한 한국은 외국 원조의 역사상에서 특수한 사례이다. 발전도상국들은, 조절은 필요하겠지만, 한국의 경제 발전 경험을 모방하려고 한다.

본고는 한국이 아프리카 지역에 대한 쌍무원조를 증가하는 원인을 밝히는 데 목적을 두고 있다. 분석을 돕기 위해 케냐와 탄자니아에 관한 하나의 비교 사례 연구를 소개하고 리카도 모델(Ricourian model)을 도입하여 케냐가 아니라 탄자니아에 대한 지원 배당이 증가하는 경제적, 정치적 그리고 사회적 원인을 살펴본다. 이 모델을 도입하는 것은 현재 상황에 대한 역사적 분석에 접근하는 데 도움이 될 것으로 예상되기 때문이다.

본고는 사회적, 정치적, 경제적 요인이 모두 탄자니아에 대한 원조 증가에 관여하고 있지만, 그 중 경제적 요인이 다른 두 개의 요인보다 더욱 중요한 역할을 하고 있음을 밝혔다. 이로부터 미루어 보았을 때, 한국이 아프리카에 대한 쌍무원조를 증가하는 것은 경제적 이익에 동기 부여를 받은 결과로 볼 수 있다. 또한 역사적 분석에서는 무역 흐름과 공적개발원조(ODA) 간에 밀접한 관계가 있음을 제시한다. 본고의 연구 결과는 한국이 아프리카에 대한 쌍무원조를 증가하는 것은 경제적 이익 때문이라는 가설을 지지한다.

주요어: 쌍무원조, 이해, 케냐, 탄자니아, 공적개발원조(ODA), 경제적, 정치적, 동기

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